

## FURTHER EXPANSION IN MOTOR CAR INDUSTRY COMING IN 1923

Growth in Past Twelve Months Expected to Continue.  
Output Breaks Records—Exports Steadily Gaining.  
Large Closed Car Sales Anticipated.

By Alfred Reeves.  
[General Manager National Automobile Chamber of Commerce.]  
Making more than 2,500,000 motor cars and motor trucks, valued wholesale at \$1,558,000,000, the automobile industry in 1922 has enjoyed the best year in its history. With more than 70 per cent of the cars sold retailing for less than \$1,000, it is clear that motor transportation is in urgent demand by the mass of moderate means. Many lines of cars in the higher price ranges have had an excellent year, but it is particularly noteworthy that there are a number of makers in the very low price field, most of which are gaining in popularity.

There is every indication that while 1922 will not be a boom year, it will continue to show a steady increase for the motor industry, with final figures that will surpass the mark of 1921. It will be a year of keen competition, with the standard making faring best, and with a renewal demand to replace worn-out cars of probably 1,800,000 units. Sales of the past year astonished many economists, who overlooked the fact that everybody wants a motor car and that the motor car is a much-needed addition to our facilities for the transportation of merchandise.

**Ten Million Motor Cars.**  
We now have registered in the United States about 10,200,000 passenger cars and more than 1,200,000 commercial vehicles, many of which will wear out and have to be replaced in 1923. Why this record business during the past twelve months, when so many expected troublesome times for motor vehicle manufacturers? On what basis can we predict an increased business in 1923? What class of car will be most favored? How many motors can be used in the United States? What effect does the automobile industry have on other lines of trade?

These and many other questions are of vital interest because automobile manufacture, sale and use have been meeting a hitherto unsatisfied human demand for personal transportation, and accordingly have gone relatively far ahead of normal curves of products which have been available for many years. This has puzzled many economists who did not realize the extent of the demand on the other hand, there have been some far-sighted economic authorities, who have sensed the latent desire of the public for motor transportation.

Next to schools, it is admitted that nothing is so important to the advancement of a nation as efficient transportation. All improved transportation has come during the last 120 years, or since Fulton launched his steamboat in 1826.

It has been truly said that the Motor of Napoleon, founder of the faith, and George Washington, the founder of our country, living 1800 years apart, saw the same methods of transportation. Of all modern means of transportation, none has improved at such a record pace as the automobile. The reason is not hard to analyze, because the demand for this independent means of transportation has always been pressing. Every one wanted a motor car, generally the only thing that prevented was price. This call has been answered by big production methods, the use of some 114 standards in design, manufacture, and material; the interchange of license under development, patents without money royalty, and a general support of the slogan, "to build good motor cars at the lowest possible cost."

**Truck Growth More Gradual.**  
Truck demand was different. We had various types of transportation. The truck supplanted some, and was an ally to others. Its growth, therefore, was certain to be much slower. The main reason for the heavy buying of motor vehicles during the past year was the large number of machines available at the best value in the history of the business. Price, it was a year of price cutting, in many cases to a point below cost in order to maintain markets.

The manufacturers took their losses quickly, scaled down their inventories, placed their prices on a basis of maintained production, and above all, advertised these new prices to the people who knew that the products were obtained from the retailer at the lower figures.

**Motor Cars Were a Purchase.**  
People who had held off buying while waiting for prices to drop came into the market. This produced increased production and a still further lowering of prices. It was an incentive to shaving production costs, to keep better balanced inventories, and to broadening sales and advertising policies. It proved further that American life is now functioning in terms of the motor car and motor truck, just as it is in terms of the telegraph and the telephone.

All this has brought a new understanding of the automobile's importance in the nation's wealth as proved by the statements of bankers, economists, and government officials, including Ayres, Babson and even President Harding. Babson lists automobiles among thirty industries which he believes will register a 10 to 25 per cent increase in 1923, while Leonard P. Ayres has expressed the opinion that the market to meet the shortage of automobiles was one of the four shortages which have been the fundamental causes of the general increase in business activity.

With a conservative estimate for December, the production for 1922 will unquestionably exceed 2,521,000 vehicles, of which 240,000 will be trucks. This is 51 per cent over 1921 and 14 per cent over the previous record year of 1920. The wholesale value for 1922 was \$1,558,000,000, of which \$184,000,000 was the truck value. Production for the past ten years is interesting:

Year	Cars	Trucks	Total
1913	461,500	25,500	487,000
1914	452,679	25,375	478,054
1915	818,618	74,000	892,618
1916	1,493,617	90,000	1,583,617
1917	1,740,792	128,157	1,868,949
1918	2,263,348	227,250	2,490,598
1919	1,657,652	316,364	1,974,016
1920	1,882,158	322,639	2,204,797
1921	1,514,000	154,550	1,668,550
1922	2,287,000	240,000	2,527,000

Totals: 13,326,404 1,601,235 14,927,639  
Passenger car production during this period was 13,326,404, of which approximately 10,000,000 are still in use. It will be noted that the big production year began in 1916 and 1917, and those cars are now rapidly going out of use.

**1,800,000 Cars for Replacements.**  
Various statistical studies have shown that the average life of a car is between five and six years. On this basis about 1,800,000 cars will be needed for replacements next year. Surveys made by the National Automobile Chamber of Commerce for its 431 manufacturers show that 60 per

cent of the motorists using all types of cars declared their next car would be of the closed type. Closed jobs are now about 35 per cent of the total production.

Next year's possibilities are based on the fact that a great many new "prospects" will be in the market for closed cars. In fact it is not unlikely that production may be lower than expected, because of the inability to set sufficient closed bodies. Farm buying has not been very heavy this year, but should come in very strong in 1923. More than 2,000,000 cars are owned by farmers, and they are constantly adding to their motor equipment by trucks and cars.

**Exports Gaining.**  
Exports are steadily increasing. Our products last year going to 114 different countries. During 1922 we exported approximately 66,000 cars and 10,000 trucks, as against the record year of 1920, when cars exported were 142,000 and trucks 25,000. The value for all automotive products exported, including tires, engines, and parts, was \$123,742,000, of which \$42,500,000 was for cars and 8,000,000 for trucks. Automotive manufacturers very properly look forward to the time when they will export at least 20 per cent of their production.

The popular car during the past year was under \$1,000. The average price of all cars sold last year was \$770, and the average retail price of trucks was \$1,050. The big sales next year will continue to be the cars selling below \$1,000. The American's pride of ownership, however, keeps him buying better cars each year, so that there will be prospect for concerns in all classes. Some of the higher-priced cars have made gigantic strides. It is worth noting, however, that people are beginning to choose carefully and the standard, well-advertised cars will enjoy the best business in the various price classes.

**Room for Many Makers.**  
Occasionally we hear the statement made that a few makers will soon produce all the automobiles. It is true that a very large part of the production, probably 50 per cent, will come from twelve or fourteen companies, but there undoubtedly will always be a field for great many other companies which produce cars with characteristics and body styles that appeal to certain buyers. There are now eighty companies producing passenger cars, with fairly comparative limits. In many cases failed companies have been reorganized and started anew. A trade name in the automobile industry dies very slowly.

The problem for the industry in 1923 will not be engineering or manufacturing, but distribution. The concern will succeed best which has the best advertising and sales policy and the strongest line of dealers. It is difficult now for some of the smallest producers and jobbers in the field to secure dealers, of which there are about 25,000 listed in the records. Competition will be keener than ever before, but with a substantial amount of business available for the enterprising companies selling cars of merit. It will not be a year to plunge, but rather one for progressive but conservative plans. Because there is ample capacity, with the possible exception of closed bodies, for all the cars and trucks that will be required during the next twelve months. Production costs are rising and, while there may be price increases here and there, the general tendency will be for continuance of present prices, which are very low and made in anticipation of continued big production.

**Truck Industry Improving.**  
Truck industry will continue to improve, especially in lighter trucks or delivery wagons. Trucks are only bought when business is in actual need of increased transportation. Consequently, their sales follow the line of general business. There are really two classes of truck business which caters to national distribution and the other of small productive capacity that markets most of its product in a comparatively limited territory. Truck production during the past year was about 240,000, as against 154,550 in 1921 and 222,639 in 1920. Many other industries prosper when motor cars are selling. The railroads received 400,000 carloads of motor cars as freight last year; approximately 83 per cent of rubber is used in the industry; 80 per cent of gasoline, 20 per cent of the plate glass, 20 per cent of the aluminum, and 4 per cent of the steel.

It is difficult to estimate with any real accuracy the number of motors that can be used in this country. In some States there is one for every five people, while in a State like New York there is only one for every fourteen people. With improved roads, the registration of both cars and trucks may be expected to increase in a few years to probably 15,000,000 passenger cars and 2,000,000 trucks, and commercial wagons, which would mean a renewal demand of from two to two and one-half million vehicles per year.

**Motor Industry's Problems.**  
Aside from the keener competition of next year, the industry faces a good many other problems. The need is pressing for the better training and particularly the better financing of dealers so they can carry stocks during the slow periods, thus permitting production to continue on an even keel.

The used-car problem is undoubtedly the darkest cloud on the horizon. Inability of dealers to judge used-car values properly is costing them tremendous losses, and has eliminated many from the field. Aside from a few of the low-priced cars, about seven out of ten sales involve a used car, and unless a dealer is a good trader he invariably allows more than he should, and in many cases comes out at the small end of the horn, even after he has sold the new car and used car.

The industry is actively engaged in trying to better traffic conditions, to lessen accidents, and to educate lawmakers to the need for fair legislation instead of hampering the new form of transportation. One of its jobs will be to see that the billions of dollars appropriated for highways is expended efficiently and honestly.

(C. 1922, N. Y. Evening Post, Inc.)  
**Return to North Carolina.**  
Rev. and Mrs. J. A. Hornaday, and Miss Bernice Hornaday, who have been spending the holidays at the home of C. D. Stephenson, at 2309 Montrose Avenue, returned yesterday to their home at Maxton, N. C.



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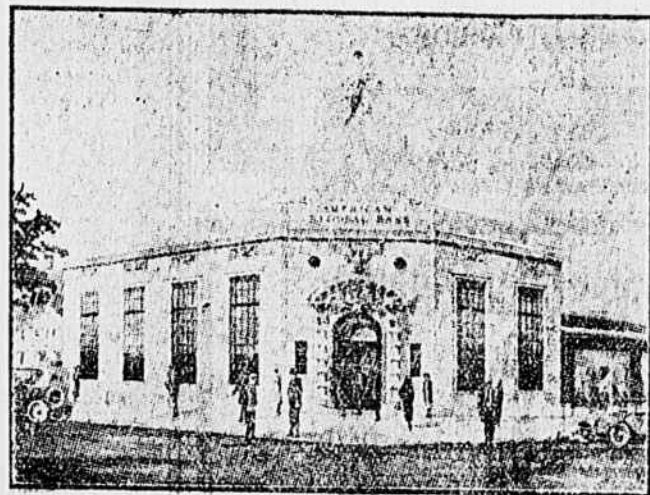


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